

ENPRO INDUSTRIES, INC  
Form 10-Q  
May 06, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-31225

ENPRO INDUSTRIES, INC.  
(Exact name of registrant, as specified in its charter)

North Carolina 01-0573945  
(State or other jurisdiction (I.R.S. Employer  
of incorporation) Identification No.)

5605 Carnegie Boulevard, Suite 500, Charlotte, 28209  
North Carolina  
(Address of principal executive offices) (Zip Code)  
(704) 731-1500  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 2, 2016, there were 21,724,417 shares of common stock of the registrant outstanding, which does not include 195,068 shares of common stock held by a subsidiary of the registrant and accordingly are not entitled to be voted. There is only one class of common stock.



## PART I

## FINANCIAL INFORMATION

## Item 1. Financial Statements

## ENPRO INDUSTRIES, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

Quarters and Three Months Ended March 31, 2016 and 2015

(in millions, except per share amounts)

	2016	2015
Net sales	\$294.9	\$277.5
Cost of sales	197.3	187.7
Gross profit	97.6	89.8
Operating expenses:		
Selling, general and administrative	85.6	77.3
Asbestos settlement	80.0	—
Other	4.4	1.1
Total operating expenses	170.0	78.4
Operating income (loss)	(72.4 )	11.4
Interest expense	(13.3 )	(13.0 )
Interest income	0.2	0.1
Other expense	(1.6 )	(4.1 )
Loss before income taxes	(87.1 )	(5.6 )
Income tax benefit	40.3	4.0
Net loss	\$(46.8 )	\$(1.6 )
Comprehensive loss	\$(39.9 )	\$(17.8 )
Basic loss per share	\$(2.15 )	\$(0.07 )
Diluted loss per share	\$(2.15 )	\$(0.07 )

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
Three Months Ended March 31, 2016 and 2015  
(in millions)

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Net loss	\$(46.8 )	\$(1.6 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7.4	7.2
Amortization	6.5	6.9
Loss on exchange and repurchase of convertible debentures	—	2.8
Asbestos settlement	80.0	—
Deferred income taxes	(44.5 )	1.5
Stock-based compensation	1.6	1.3
Other non-cash adjustments	1.6	0.6
Change in assets and liabilities, net of effects of acquisitions of businesses:		
Accounts receivable, net	(0.9 )	(4.1 )
Inventories	(0.6 )	(11.5 )
Accounts payable	(15.8 )	(1.2 )
Other current assets and liabilities	(12.4 )	(21.0 )
Other non-current assets and liabilities	(4.5 )	(2.4 )
Net cash used in operating activities	(28.4 )	(21.5 )
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(6.1 )	(9.1 )
Payments for capitalized internal-use software	(1.0 )	(1.1 )
Acquisitions, net of cash acquired	—	(30.6 )
Other	0.2	—
Net cash used in investing activities	(6.9 )	(40.8 )
<b>FINANCING ACTIVITIES</b>		
Proceeds from debt	112.8	42.2
Repayments of debt	(52.2 )	(23.3 )
Repurchase of common stock	(8.5 )	(47.4 )
Dividends paid	(4.6 )	(4.8 )
Repurchase of convertible debentures conversion option	—	(21.6 )
Other	(3.1 )	(2.0 )
Net cash provided by (used in) financing activities	44.4	(56.9 )
Effect of exchange rate changes on cash and cash equivalents	(1.7 )	(2.8 )
Net increase (decrease) in cash and cash equivalents	7.4	(122.0)
Cash and cash equivalents at beginning of period	103.4	194.2
Cash and cash equivalents at end of period	\$110.8	\$72.2
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$27.9	\$27.0
Income taxes, net	\$3.7	\$2.2
Non-cash investing and financing activities:		
Non-cash acquisitions of property, plant, and equipment	\$1.6	\$3.7
See notes to consolidated financial statements (unaudited).		



ENPRO INDUSTRIES, INC.  
 CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
 (in millions, except share amounts)

	March 31, December 31,	
	2016	2015
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 110.8	\$ 103.4
Accounts receivable, net	215.3	212.5
Inventories	180.5	178.4
Prepaid expenses and other current assets	24.4	23.6